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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 08/11/08

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ARTICLES:

(1) Japan-China joint poll

YOMIURI (Page 13) (Full)
August 4, 2008

Questions & Answers
(Figures shown in percentage)

Q: Do you think Japan-China relations are now in good or bad shape?

Japan China
Very good 2.7 6.9
Good to a certain degree 33.0 59.6
Bad to a certain degree 46.9 26.2
Very bad 10.3 3.2
No answer (N/A) 7.0 4.1

Q: Do you think China (Japan) is trustworthy?

Japan China
Very trustworthy 1.1 8.0
Somewhat trustworthy 18.0 48.4
Not very trustworthy 48.0 35.5
Not trustworthy at all 29.9 6.9
N/A 3.0 1.2

Q: In May this year, Chinese President Hu Jintao visited Japan and met with Prime Minister Fukuda. Do you appreciate this?

Japan China
Appreciate very much 21.0 14.8
Appreciate somewhat 47.8 67.4
Don't appreciate very much 21.1 9.3
Don't appreciate at all 5.6 1.3
N/A 4.5 7.2

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Q: China was hit by a devastating earthquake in its southwestern province of Sichuan, and Japan sent an emergency rescue team and a medical team to disaster-stricken areas. Do you appreciate this?

Japan China
Appreciate very much 67.7 33.2
Appreciate somewhat 26.3 58.3
Don't appreciate very much 4.0 6.4
Don't appreciate at all 1.3 1.2
N/A 0.8 1.0

Q: In what area do you think Japan and China should cooperate from now on? Pick as many as you like from among those listed below, if any.

Japan China
Politics, diplomacy 50.3 47.9
Economy 44.8 56.1
Security 37.0 25.8
Natural resources, energy development 44.7 37.6
Science & technology 10.1 54.5
Environmental issues 57.6 23.7
Epidemic prevention, including new-type flu viruses 21.6 8.1
Education, culture 17.2 19.2
Other answers (O/A) 0.5 ---
Nothing in particular (NIP) + N/A 5.6 2.2

Q: Do you think Japan-China relations will improve, deteriorate, or remain unchanged?

Japan China
Improve very much 5.1 14.6
Improve to a certain degree 32.4 60.0
Remain unchanged 51.2 21.1
Deteriorate to a certain degree 6.8 2.5
Deteriorate very much 1.0 0.2
N/A 3.4 1.7

Q: Do you think Japan has been a pacifist nation over the postwar six decades?

Japan China
Yes 54.5 23.0

Yes to a certain degree 35.7 45.9
No to a certain degree 5.7 15.0
No 2.4 11.7
N/A 1.8 4.4

Q: Do you think the plus impact of China's economic growth on Japan's economy will be bigger, or do you otherwise think its negative impact will be bigger?

Japan China
Plus impact 23.3 55.2
Negative impact 38.1 16.7
About the same 32.4 20.8
N/A 6.1 7.2

Q: Which country or area do you think will play a role as Asia's leader? Pick up to two from among those listed below.

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Japan China
Japan 71.1 50.1
China 59.7 82.8
South Korea 12.4 21.4
Taiwan 1.2 9.7
India 21.9 10.3
Thailand 0.9 3.7
Malaysia 1.1 1.5
Indonesia 1.4 1.0
Other ASEAN member countries 1.4 1.9
O/A+NIP+N/A 6.0 1.8

Q: What's your impression of China? Pick as many as you like from among those listed below, if any.

Japan China
It's economically rich 10.6 37.7
Its technology level is high 11.7 29.7
It's a growing military power 57.4 44.9
It's promoting tradition, culture 21.7 72.9
It's protecting the natural environment 2.8 42.6
It's a safe place 2.6 29.4
O/A 5.2 0.0
NIP 19.9 0.3
N/A 2.5 0.6

Q: What's your impression of Japan? Pick as many as you like from among those listed below, if any.

Japan China
It's economically rich 42.1 72.2
Its technology level is high 71.2 74.7
It's a growing military power 3.1 25.2
It's promoting tradition, culture 21.3 30.3
It's protecting the natural environment 20.7 23.7
It's a safe place 42.7 8.7
O/A 1.1 0.1
NIP 5.1 2.1
N/A 0.7 0.6

Q: What's your impression of the Chinese people? Pick as many as you like from among those listed below, if any.

Japan China
Diligent 16.0 78.3
Big-hearted 5.9 61.3
Kind 3.9 52.5
Social 4.4 20.7
Patriot 64.7 61.9
Creative 8.7 27.6
Clear-cut 48.6 15.1
Rational 10.5 6.9
O/A 2.0 ---
NIP+N/A 13.3 0.6

Q: What's your impression of the Japanese people? Pick as many as

you like from among those listed below, if any.

Japan China
Diligent 63.1 55.4
Big-hearted 18.9 15.3
Kind 41.5 19.9

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Social 9.6 20.7
Patriot 7.9 38.8
Creative 10.9 53.2
Clear-cut 4.1 18.6
Rational 17.7 6.4
O/A 1.5 0.2
NIP+N/A 8.3 3.8

Q: The Olympic Games will be held in Beijing, China, from Aug. 8.
Are you interested in the Beijing Olympics?

Japan China
Very interested 35.6 64.3
Somewhat interested 37.0 32.3
Not very interested 20.2 2.4
Not interested at all 7.0 0.8
N/A 0.2 0.2

Q: Japan and many other advanced countries have set specific numerical benchmarks to reduce their emissions of carbon dioxide and other greenhouse effect gases. Do you think China should also set its own?

Japan China
Yes 78.4 65.4
Yes to a certain degree 17.3 29.8
No to a certain degree 1.3 2.0
No 0.9 0.3
N/A 2.0 2.5

Q: (Asked in Japan) In China, young people, who were born in or after 1980 and who are called the "one-child generation," are said to be self-centered as compared with those older than them. Do you think the same is true of Japanese young people in their 20s?

Japan China
Yes 43.2 ---
Yes to a certain degree 30.9 ---
No to a certain degree 12.4 ---
No 9.8 ---
N/A 3.7 ---

Q: (Asked in China) Do you think young people, who were born in or after 1980, are self-centered as compared with those older than them?

Japan China
Yes 59.1
Yes to a certain degree 32.1
No to a certain degree 4.6
No 2.3
N/A 1.9

Polling methodology

Japan
Date of survey: July 12-13.
Subjects of survey: 3,000 persons chosen from among all eligible voters throughout the country (at 250 locations on a stratified two-stage random sampling basis).
Method of implementation: Door-to-door visits for face-to-face interviews.

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Number of valid respondents: 1,828 persons (men-48 PERCENT , women-52 PERCENT).

China

Date of survey: July 11-16.

Subjects of survey: Outlook Weekly outsourced the survey to Horizon Research. Men and women, aged 20 and over, were chosen in Beijing, Shanghai, Guangzhou, Wuhan, Chengdu, Xian, Dalian, Hefei, Harbin, and Kunming.

Method of implementation: Door-to-door visits for face-to-face interviews

Number of valid respondents: 1,286 persons (men-49 PERCENT , women-51 PERCENT).

(2) Overseas advance of non-manufacturing companies accelerating: External direct investment increases 35 PERCENT in fiscal 2007; Retailing, transportation companies finding way out of stagnant domestic demand

NIKKEI (Page 3) (Full)
August 11, 2008

Foreign investment by non-manufacturing companies from the retailing, transportation and communications industries is accelerating. External direct investment by those companies in fiscal 2007 jumped to approximately 4.3 trillion yen, up 35 PERCENT compared with the preceding year. The investment balance as of fiscal 2007 increased to approximately 28 trillion yen. Retailers have expanded operating bases in Asia because of stagnant sales on the domestic market. Investment in the development of resources, such as natural gas, also increased. However, since emerging countries strictly regulate foreign investment by services industries and the like, efforts to liberalize investment through trade talks are indispensable in order to turn investment in foreign countries into profits.

According to the balance of payments statistics issued by the Finance Ministry and the Bank of Japan, external direct investment by nonmanufacturing companies reached 4.3396 trillion yen in fiscal 2007. Direct investment means business-purpose investment, such as investment in foreign subsidies and the purchases of foreign companies. The amount invested in such sectors as real estate by nonmanufacturing companies topped 6 trillion yen a year during the bubble era. However, the amount dropped below 2 trillion yen in fiscal 2005. A major feature of the accelerating foreign investment is that with the domestic market hitting the ceiling due to the declining birthrate and the aging society, domestic demand-oriented industries are advancing into emerging countries in search of new opportunities there.

Development of resources on the rise

By industry sector, overseas investment by the retailing and wholesaling industry, which dropped to the 200 billion yen level in fiscal 2004, picked up to approximately 560 billion yen in fiscal 2007. Aeon is continuing to open stores in Asia, such as China, Malaysia and Thailand, after fiscal 2008 as well. Its plan is to boost overseas investment for the next three years to 140-160 billion yen, about four times the level recorded in the past three years.

The transportation industry is expanding the network of the

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distribution of goods targeting Japanese companies. Its external direct investment reached approximately 330 billion yen in fiscal 2007, double the amount marked in the previous year. The industry is visibly increasing operating bases in Asia, as can be seen the purchase of an Indian company by Nippon Express. Overseas advance of service businesses in general is also becoming robust, as seen in the case of QB House, a low-priced barber chain.

Investment in the development of resources against the backdrop of the steep rise in resources prices is also growing rapidly. Investment in the mining industry in fiscal 2007 rose to approximately 480 billion yen, up 76 PERCENT from the previous year. The development of gas fields and oil fields in such countries as Australia and Indonesia by Japanese companies, such as Inpex

Corporation, also accelerated. The investment balance at the end of fiscal 2007 jumped to 2.1104 billion yen, 1.5 times the level of the end of the preceding year.

Increase of 76 PERCENT in investment in Asia

Looking at the investment balance according to area of the destination of investment, North America accounts for the largest portion of 35 PERCENT of the whole, followed by the EU with 23 PERCENT and Asia with 16 PERCENT. However, when it comes to the track record in fiscal 2007, the amount invested in Asia stood at 836.4 billion yen, up 76 PERCENT from the preceding year, topping investment made in North America (803.2 billion yen), where the economy is slowing. The investment balance with China, into which retailing and wholesaling companies are successively making inroads, reached approximately 220 billion yen, up 37 PERCENT from the preceding year. Investment in the Philippines by communications companies also grew.

The scale of Japanese nonmanufacturing companies' overseas business is still smaller than that of European and U.S. companies. Of the external investment balance, the proportion held by nonmanufacturing companies is 45 PERCENT in Japan, while such a proportion in the U.S. and main European countries is 70 PERCENT -80 PERCENT. Concerning emerging countries in Asia, on which Japan is focusing emphasis, some countries have foreign investment restrictions, including restricting the number of operation bases established by service businesses, hampering Japanese companies from improving profits.

The World Trade Organization (WTO) is aiming to liberalize the service sector, by abolishing foreign investment restrictions in such areas as communications, construction and retailing as well as the agriculture and industrial fields. The Ministry of Economy, Trade and Industry calculates that an agreement at WTO talks would promote the consolidation of the investment and business environment for nonmanufacturing countries, producing an economic effect of about 20 trillion yen throughout the world. It intends to seek an early resumption of the talks.

The business downturn and the steep rise in raw material prices are casting a pall over corporate profits. As such, there are some unclear aspects about whether external direct investment will continue to increase this fiscal year and thereafter as well.

(3) Impact of removing DPRK from list of states sponsoring terrorism: Shizuoka Prefectural University Professor Hajime Izumi says U.S. concern about abduction issue has not changed

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YOMIURI (Page 4) (Excerpts)
August 10, 2008

Q. It looks like the U.S. is heading in the direction of removing North Korea from the list of countries sponsoring terrorism.

A. North Korea was designated in 1988 as a terrorist-supporting state due to its involvement in the bombing of a KAL airliner in Nov. 1987. When it was so designated, such sanctions were imposed as a ban on exports of weapons and on economic assistance. Afterward, other elements keeping it on the list were the protection of the hijackers of the JAL airliner Yodo and Japan's abduction issue.

Removing the DPRK from the terror list is the decision of the U.S. President. The report to Congress includes: 1) assurances that the country so designated did not provide assistance to terrorists for the past six months, and 2) no fear of assistance being provided in the future. The delisting becomes possible if the Congress raises no objections by resolution within 45 days. President Bush on June 26 presented the Congress with a report on North Korea. It will be possible to delist North Korea after Aug. 11.

The U.S. government has used delisting as a card in its negotiations with North Korea on making it give up its nuclear development programs. The current move to delist is because there has been a

certain amount of progress on this issue.

Q. What impact would delisting have?

A. For North Korea, it would be meaningful since the U.S. would change its policy of viewing it as an adversary. But the real impact would be small, I think.

The U.S. government would continue its sanctions measures based on the revised provisions of the Weapons Export Control Act. Although expenditures can be used for denuclearization, the U.S. can provide neither economic assistance nor financing. It is also against the IMF and World Bank providing financing to North Korea. So delisting North Korea does not mean that it would be immediately receiving economic benefits.

The U.S. is the only country that clearly tells North Korea what Japan's position is on the abduction issue. Concern has emerged in Japan that if the U.S. decides to delist North Korea, Japan would lose its effective card for resolving the abduction issue. However, since the U.S. government treats the abductions as a human rights issue, which is connected to that country's foreign policy principles, it would not lose interest in that issue. It will not become something that will cause harm to the Japan-U.S. alliance.

(4) Interview with Defense Minister Yoshimasa Hayashi: Reform needed to recover public trust

MAINICHI (Page 5) (Full)
August 9, 2008

-- What is your Diet strategy to continue the Maritime Self-Defense Force's refueling activities in the Indian Ocean?

Defense Minister Hayashi: The government has yet to make a decision. But the September 11 anniversary (of the terrorist attacks on the

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U.S.) will come soon. More than 40 countries made sacrifices on the war on terror (in Afghanistan), so I think there is a consensus that we should do something.

-- New Komeito, the ruling Liberal Democratic Party's coalition partner, is reluctant to take a second vote in the House of Representatives on this issue.

Hayashi: This is the same as shogi or chess, and no one would declare strategy from the beginning. We must explain the significance of the war on terror.

-- There is an idea being floated from within the LDP to task the MSDF with escorting Japanese oil tankers.

Hayashi: Generally speaking, we have to think about what kind of legislation we will need to do so, and we have also to think about what we should do. I wonder if we can do it easily.

-- On the issue of relocating the U.S. military's Futenma airfield in Okinawa, local governments are calling for the planned relocation site of its alternative facility to be moved offshore.

Hayashi: The Japan-U.S. agreement is balanced. It's difficult to change it without rational reason. We will have to find common ground. Working groups are making efforts to create a good idea. I'd like to visit Okinawa at the earliest possible time.

-- A government advisory panel has presented a report of recommendations to reform the Defense Ministry. What's the future course?

Hayashi: Prime Minister Yasuo Fukuda told me to raise the SDF's morale. It's very important to carry out reform to recover public trust. We will work out an implementing plan this month, and we will have a roadmap. In the LDP, I have a long experience to reform the public servant system. This involves all government bureaucrats. There are government offices that are in charge of planning. In the

meantime, the Defense Ministry, which is in charge of exercising force, will have to reform its organization in a different way.

(5) Editorial: Georgian conflict: Use of force can never solve anything

ASAHI (Page 3) (Full)
August 10, 2008

Fierce fighting has begun in Georgia, a newly emerging state on the coast of the Black Sea that became independent with the collapse of the former Soviet Union. Clashes are occurring between the Georgian and neighboring Russian troops, and there are reports of many lives being sacrificed from the shelling and air strikes.

The conflict is occurring in an area centered on South Ossetia, which faces the border between Georgia and Russia. It is a place where many Ossetians, a minority group, live. They are seeking to separate and join the North Ossetia Republic on the Russian side of the border, and armed conflict between them and the Georgian government has continued ever since the country became independent.

Russian troops were deployed as a peace-keeping force, and although
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large-scale combat has abated, the region exists as if it were a de facto small independent state within the country of Georgia.

It is not clear exactly what set off the current clashes. The picture that emerged was one of Georgian government sending in forces, aiming at subduing the autonomous state, with Russia then coming in to counterattack, expanding the conflict.

Although the United Nations convened an emergency Security Council session, nothing could be accomplished since Russia confronted the United States and other members on the issue. Russia should first put aside its own interests and motivations and work toward an immediate cease fire. That is its responsibility as a member of the UN Security Council with veto power.

The United States, too, must step in as an intermediary. Georgia's President Saakashvili (40) has deep ties to the U.S., having studied in America and having had a career working at a law firm in New York. Since the U.S. in part has supported President Saakashvili, who has heightened the confrontation with Russia, it should be held partly responsible.

The confrontation centered on Southern Ossetia goes beyond being a simple minority group's issue, for it is also entangled in an international political game.

Georgia since its independence has clearly wanted to distance itself from Russia by such actions as its desire to join NATO. On the other hand, its strategic importance has grown as oil was found near the Caspian Sea and a pipeline route was laid down for natural gas.

That is why Russia, rising from its dire economic straits in the 1990s, began to strengthen its influence by squeezing the Georgian government. Its support for separatist movements in new Russia, such as in South Ossetia and Abkhazia, should not be seen as unconnected to such motivations.

Although the U.S. and Europe have adopted a posture of cooperation with the Saakashvili government, which is tilting even further toward the West, the real intention is to avoid sharp confrontation with Russia. In the armed invasion that has just occurred, there seems to be a calculated move not to force the indecisive U.S. and Europe to make a move.

Will Southern Ossetia break away or will it remain an autonomous state? If this is decided by armed force, it would no doubt set off sparks among the minority issues here and there in the former Soviet Union. There is no other means of resolving this except to stop the fighting and turn to the negotiating table.

The international community must line up behind this, using the United Nations and other forums.

(6) TOP HEADLINES

Asahi: Mainichi: Yomiuri: Sankei: Tokyo Shimbun:
Uchishiba wins gold again, Nakamura strikes bronze

Nikkei:

Government unlikely to hike pension payments in fiscal 2009 despite inflation

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Akahata:

Justice Ministry's data at Diet Library record privileges regarding crimes committed by U.S. servicemen: Reference prohibited due to government pressure

(7) EDITORIALS

Asahi:

- (1) Raise minimum wages of working poor
- (2) South Korea getting impatient: Is diplomacy toward neighboring countries all right as is?

Mainichi:

- (1) Possession of nuclear weapons: It is risky to treat India as exception
- (2) Worker Dispatch Law: Amend the Law in manner of rooting out unstable employment

Yomiuri:

- (1) Relocation of Futenma Air Station: Do not lose sight of big picture of reducing burdens
- (2) Blood-drawing equipment: Hospitals too insensitive to infection risk

Nikkei:

- (1) Subprime mortgage fiasco has changed trend of global economy

Sankei:

- (1) Shuffled cabinet should pave way for administrative reform, decentralization
- (2) E-encephalitis: Speed up effort to create preventive inoculation system

Tokyo Shimbun:

- (1) Toyota Motors marks fall in profits: Be prepared for recession in global economy
- (2) Ossetia: Prevent conflict from escalating

Akahata:

- (1) It is a problem that the government tries to settle noise damage caused by U.S. military planes with money

(8) Prime Minister's schedule, Aug. 8

NIKKEI (Page 2) (Full)
August 9, 2008

08:34 Depart for China on ASDF U-4 supporting aircraft from Haneda Airport.

Morning Arrived at Beijing International Airport.

Noon Attended welcoming reception hosted by Chinese President Hu Jintao and his wife at Great Hall of the People in Beijing.

Afternoon Gave words of encouragement to Japanese team to Beijing Olympics. Met with President Hu at Zhougnanhai.

Night Attended opening ceremony of Beijing Olympics.

Before down on Aug. 9 Left Beijing Airport on ASDF U-4 supporting aircraft.

Prime Minister's schedule, Aug. 9

NIKKEI (Page 2) (Full)
August 10, 2008

03:56 Arrived at Nagasaki Airport on ASDF U-4 supporting aircraft.
04:46 Et with Nagasaki Mayor Taue.
Attended welcoming reception hosted by Chinese President Hu Jintao and his wife at Great Hall of the People in Beijing.
10:36 Attended 63rd Nagasaki memorial service at Peace Park.
12:16 Held press conference at Hotel New Nagasaki. Met representatives of atomic bomb victims, joined by Health Minister Masuzoe and Nagasaki Gov. Kaneko.
13:33 Visited Meguminooka Nagasaki Atomic Bomb Home.
14:52 Met with Nagasaki Mayor Taue at Nagasaki Airport.
15:11 Left Nagasaki Airport on ASDF U-4 supporting aircraft.
17:21 Arrived at Haneda Airport.
18:02 Signed in to report his return at the Imperial Palace.
18:16 Returned to his official residence.

Prime Minister's schedule, Aug. 10

NIKKEI (Page 2) (Full)
August 11, 2008

He spent the whole day at his official residence.

SCHIEFFER